

MINUTES OF MEETING
OF
BOARD OF DIRECTORS

THE STATE OF TEXAS

COUNTY OF TRAVIS

LAKESIDE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2C

The Board of Directors of Lakeside Water Control and Improvement District No. 2C (“District” or “Lakeside WCID No. 2C”) met in regular session, open to the public, outside the boundaries of the District, at 4421 Rowe Lane, Pflugerville, Texas, at 5:45 p.m. on March 10, 2020. A copy of the notice of meeting along with associated certificates of posting are attached as Exhibit “A.”

The roll was called of the members of the Board of Directors, to wit:

David Wang	President
Scott Stratton	Vice President
Larry English	Secretary/Treasurer
Joshua Bridgefarmer	Assistant Secretary
Craig Twellmann	Assistant Secretary

All members of the Board were present, except Director Bridgefarmer, thus constituting a quorum of the Board of Directors. All Directors present voted on all matters that came before the Board. Also in attendance at said meeting were Robert Tiemann of Rowe Lane Development, Ltd.; Jeff Monzingo of Montoya & Monzingo, LLP; Keith Collins of Randall Jones Engineering, Inc.; John Barganski of Specialized Public Finance, Inc.; Ken Heroy of Jones-Heroy & Associates, Inc.; Bob West of West, Davis & Company; Clayton Chandler of McCall Parkhurst & Horton LLP; David Klein, Attorney and Fred Castro, Paralegal with Lloyd Gosselink Rochelle & Townsend, P.C.

Director Wang called the meeting to order and announced that a quorum of the Board was in attendance. Director Wang stated that the Board would next consider the approval of the minutes of the February 11, 2020 regular meeting. After discussion, upon motion by Director English, and seconded by Director Twellmann, the Board unanimously approved the minutes of the February 11, 2020 regular meeting, as presented.

The next item to come before the Board was to receive public comment. No comments from the general public were received by the Board.

Director Wang stated that the Board would next receive a report from the District’s Engineer. Mr. Collins provided the Board with a brief report on the status of utility construction within the District. He provided an update on the Trail Project and noted that he was working with the City of Pflugerville and Travis County on the street crossing issue. In response to an

inquiry from Mr. Monzingo, Mr. Collins provided an update on the Greenbelt Sidewalk Replacement Project. He stated that Lomas Land Maintenance (“Lomas”) had submitted a change order related to a washout, resulting in an 18-inch hole/void underneath the sidewalk near the fishing pier. Mr. Collins stated that he had instructed Lomas to rip out that portion of the sidewalk compromised by this void, backfill the void, and replace sidewalk as necessary. Mr. Collins reasoned that before the construction of drainage flumes in the area, rainwater runoff would flow adjacent to the sidewalk down to the pier along buried tree roots and eroded a portion of the sidewalk base. He stated that this problem should not happen again, and he noted that this has been repaired. He also reported that the project related to the drainage channel/pond cleanup was progressing and that he was pleased with the work being performed by Lomas.

The next item to come before the Board was to consider action regarding the implementation of the District’s Stormwater Management Program and enforcement of same. Mr. Klein presented this item. He noted that the District’s Stormwater Management Program Subcommittee met to review a list of goals to accomplish in the coming year, including working with the Texas Commission on Environmental Quality with completing the District’s Annual Report and initiating representatives from Urban Dirt into the group and reviewing with them a list of duties and responsibilities required to be performed under the District’s MS4 Permit.

The next item to come before the Board was to consider the approval of the audit of developer reimbursables in connection with the District’s \$4,815,000 Unlimited Tax Bonds, Series 2020, a copy of which is attached as Exhibit “B”. Mr. West presented his firm’s audit report to the Board. He noted that the audit provided the basis for the District’s reimbursements to SLF IV - Blackhawk, L.P. and Rowe Lane Development, Ltd. (collectively, the “Developer”) for water, wastewater, and drainage facilities serving Lakeside at Blackhawk II, Phase 2B; Lakeside at Blackhawk III, Phase 2; Lakeside at Blackhawk III, Phase 3; and Jakes Hill Condos, as well as for the engineering, testing and other fees associated with these projects and bond issuance, in general.

Next, Mr. West noted that the Jakes Hill Condos project was constructed by a different developer, The Trails of Blackhawk, L.L.C. He also indicated that the District does not have a developer reimbursement agreement with this developer. Mr. West noted that in certain instances when a developer sold land to a homebuilder he would have an assignment clause in the homebuilder’s purchase agreement that would provide for the developer to retain the right to receive reimbursement for development costs associated with certain projects. Mr. West stated that he understood that Mr. Klein was attempting to track down whether or not such an arrangement existed with The Trails of Blackhawk, L.L.C. to determine the appropriate party that should convey these facilities to the District, and whether that has an impact on who receives the reimbursements pertaining to this regime. Mr. West stated that until this is resolved, he would recommend that the District withhold all eligible reimbursements for this project. He stated that in connection with Regional Facilities, water connection fees paid to Manville Water Supply Company and the City of Pflugerville for the Jakes Hill Condos Project, in the amounts of \$165,200 and \$34,050 respectively, should also be withheld. Mr. West stated that total reimbursements to be paid out tomorrow at closing would be \$3,010,690. After discussion, Mr. West recommended that the Board approve the audit report as presented.

Mr. Klein stated that as a point of clarification, it was his understanding that the improvements listed on Page 2 of Mr. West's report, constructed under contracts with DNT Construction, Cornerstone Site Services, DeNucci Constructors for Lakeside at Blackhawk II, Phase 2B, Lakeside at Blackhawk III, Phase 2, Lakeside at Blackhawk III, Phase 3 are all projects that were constructed by Rowe Lane Development, Ltd. and will be conveyed to the District by Rowe Lane Development, Ltd. He also advised that reimbursement of all eligible proceeds related to the construction of utilities for the Jakes Hill Condos project be withheld, as it is understanding that these facilities might have been built by a homebuilder other than Rowe Lane Development, Ltd., Tiemann Land and Cattle Development or SLV IV – Blackhawk L.P. Mr. Klein noted that the task for the District and developer is to determine whether an assignment of the reimbursement agreement to Trails at Blackhawk exists or whether these facilities need to be conveyed to the Developer- the entities with a reimbursement agreement with the District. As a side note, Mr. Klein informed the Board he is also working with the City of Pflugerville to ensure that service will be provided to the Jakes Hill Condominium Regime though individually metered units, not by master meter; and that there has been an impasse with City on this issue for several months. Mr. Klein stated that the City had recently indicated that it would be willing to allow individual meters in the Regime. After discussion, upon motion by Director English, seconded by Director Stratton, and unanimously carried, the Board approved the audit of developer reimbursables in connection with the District's \$4,815,000 Unlimited Tax Bonds, Series 2020, as presented.

Director Wang stated that the Board would next consider action concerning the issuance and delivery of the District's Bonds, Series 2020 and disbursement of bond proceeds, including accepting conveyance of facilities and real property in connection with the Lakeside WCID No. 2C \$4,815,000 Unlimited Tax Bond, Series 2020. Mr. Klein noted that disbursement of bond proceeds to the Developer would follow the listing of disbursements prepared by Mr. West as a part of his audit report, attached hereto as Exhibit "B". Mr. Klein presented a Utility Conveyance Agreement, which is the instrument for Rowe Lane Development, Ltd. to convey water, wastewater, and drainage facilities to the District, enabling the District to issue the reimbursements to the Developer in accordance with the audit for the Series 2020 bonds. He stated that the Board would take action to accept these facilities from and authorize reimbursement to Rowe Lane Development, Ltd. Mr. Klein noted that the listing of facilities to be conveyed to the District by Rowe Lane Development, Ltd. included:

- Water, wastewater, and drainage facilities serving Lakeside at Blackhawk II, Phase 2B, a subdivision located in Travis County, Texas, and recorded in Document No. 201800301 of the Official Public Records of Travis County, Texas, and contained within the boundaries of the District, and constructed pursuant to a contract with DNT Construction, dated September 11, 2018.
- Water, wastewater, and drainage facilities serving Lakeside at Blackhawk III, Phase 2, a subdivision located in Travis County, Texas, and recorded in Document No. 2019031840 of the Official Public Records of Travis County, Texas, and contained within the boundaries of the District, and constructed pursuant to a contract with Cornerstone Site Services, LLC, dated February 18, 2019.
- Water, wastewater, and drainage facilities serving Lakeside at Blackhawk III, Phase 3, a subdivision located in Travis County, Texas, and recorded in Document No. 2018152782

of the Official Public Records of Travis County, Texas, and contained within the boundaries of the District, and constructed pursuant to a contract with DeNucci Constructors, dated October 4, 2018.

Mr. Klein informed the Board that the list of facilities was reviewed by Jones-Heroy & Associates, Inc. on behalf of the District and by Rowe Lane Development, Ltd.'s attorney on behalf of the Developer. Mr. Klein noted that the list of facilities to be conveyed through this Utility Conveyance Agreement would not include the Water, Wastewater, and drainage facilities serving Jakes Hill Condominium Regime. After discussion, Mr. Klein recommended that the Board authorize the Board President to execute the Utility Conveyance Agreement with Rowe Lane Development, Ltd.; and authorize the disbursement of bond proceeds, and accept an affidavit that the facilities to be conveyed to the District are free and unencumbered, that contractors and subcontractors who installed the facilities have been paid in full, and that there are no liens of any nature whatsoever against the facilities. Upon motion by Director Stratton, seconded by Director English, and unanimously carried, the Board authorized the Board President to execute the Utility Conveyance Agreement with Rowe Lane Development, Ltd. revised to exclude the conveyance of Water, Wastewater, and drainage facilities serving Jakes Hill Condos; authorized the disbursement of bond proceeds; and the acceptance of an affidavit that the facilities to be conveyed to the District are free and unencumbered, that contractors and subcontractors who installed the facilities have been paid in full, and that there are no liens of any nature whatsoever against the facilities. A copy of the Utility Conveyance Agreements with Rowe Lane Development, Ltd. approved by the Board is attached as Exhibit "C".

The next item to come before the Board was to consider the adoption of an order declaring the results of the District's uncontested May 2, 2020 Directors Election, a copy of which is attached as Exhibit "D". Mr. Klein noted that three (3) positions for the office of director were scheduled to be voted on at the District's May 2, 2020 Directors Election; however only three (3) people filed an application to have his/her name placed on the ballot. The people that filed applications were David Wang, Larry English, and Craig Twellmann; therefore, only three (3) candidate's names were to be placed on the ballot representing three (3) candidates for three (3) positions available. In addition, Mr. Klein noted that no people filed a declaration of write-in candidacy for the May 2, 2020 election; therefore, there were no names placed on a list of write-in candidates for the office of director. Mr. Klein noted that the proposed order certifies that David Wang, Larry English, and Craig Twellmann are unopposed for election to the office of director in accordance with law, and that David Wang, Larry English, and Craig Twellmann are declared elected to serve four-year terms on the Board of Directors. After discussion, upon motion by Director Stratton, seconded by Director Twellmann, and unanimously carried, the Board adopted the above-referenced order.

Director Wang stated that the Board would next receive recreational facilities reports and take action concerning the same, including but not limited to, maintenance and/or improvements related to existing recreational facilities. Mr. Monzingo presented recreational facilities reports from the Associations operating the District's recreational facilities, copies of which are attached as Exhibit "E". Mr. Monzingo noted that the reports provided brief updates on the status of current projects. He noted that the Park at Blackhawk and Lakeside HOA report contained no requests for action by the Board.

Next, Mr. Monzingo informed the Board that the Reserve at Westcreek provided three (3) proposals for the repair and refurbishing of the concrete floor of Reserve at Westcreek Amenity Center. Mr. Klein drew the Board's attention to pictures attached to the recreational facilities report provided by the Reserve at Westcreek which depicted cracks sustained by the cement floors within the Reserve at Westcreek Amenity Center. Mr. Klein stated that according to Reserve at Westcreek Association members, the cracks had been present for several years without signs of widening. He stated it was his understanding there did not appear to be any additional signs of foundation failure such as cracks on walls, columns, windows or door openings. After discussion, Mr. Klein suggested that the Board might want to consider engaging the services of a structural engineer to determine whether the buildings foundation has failed before spending several thousands of dollars to repair cracks and resurface the floors. After discussion, Mr. Collins stated that he could have a structural engineer he is familiar with come out and take a cursory look at the floor damage to determine whether a structural analysis is warranted and if so, an estimate for this work. Mr. Klein stated that he understood that representatives of the Reserve at Westcreek had expressed no opposition to the District requesting further investigation into this matter. After discussion, it was the consensus of the Board that Mr. Collins be directed to take steps necessary to determine if structural analysis of the Reserve at Westcreek Amenity Center foundation is warranted.

Director Wang stated that the Board would next consider the payment of invoices and Bookkeeper's report. Mr. Monzingo distributed a list of invoices and money transfers, a copy of which is attached as Exhibit "F". Mr. Monzingo requested that the Board void Check No. 3414, payable to Director Bridgefarmer, due to his absence from the meeting. After discussion, upon motion by Director Twellmann, seconded by Director Stratton, and unanimously carried, the Board approved the payment of invoices and money transfers, as amended.

Next, Mr. Klein requested that the Board revisit the agenda items related to approving the audit of developer reimbursables and the issuance and delivery of the District's Bonds, Series 2020 and disbursement of bond proceeds, including accepting conveyance of facilities and real property in connection with the District's \$4,815,000 Unlimited Tax Bonds, Series 2020. Director Wang stated that the Board would revisit consideration of approving the audit of developer reimbursables in connection with the District's \$4,815,000 Unlimited Tax Bonds, Series 2020. Mr. Klein informed the Board it was brought to his attention from the District's Engineer that while the Utility Conveyance Agreement with Rowe Lane Development, Ltd. contemplates Rowe Lane Development, Ltd. conveying the water, wastewater, and drainage facilities for the three subdivisions listed in the Facilities Exhibit to such Agreement, Rowe Lane Development, Ltd. actually only owns the water, wastewater, and drainage facilities serving Lakeside at Blackhawk III, Phase 2, at this time. Mr. Klein inquired of Mr. West whether given this information such a change would necessitate the need for the Board to rescind its previous approval of the audit of developer reimbursables. Mr. West stated that should the Developer not be able to convey the remaining facilities to the District at this time, the audit should reflect what portions of the reimbursement are being withheld. Discussion ensued as to whether the Board's approval of the audit and Utility Conveyance Agreement should be rescinded and then reapproved for only the portion of the audit and Facilities pertaining to Lakeside at Blackhawk III, Phase 2. In such discussion, Robert Tiemann recommended that the Board rescind its

approval of both the audit and the Utility Conveyance Agreement in their entirety, and that the District's consultants conduct a review to determine the actual ownership of such facilities; and then the District's consultants can revise the audit and Utility Conveyance Agreement and represent such documents to the Board for approval. Mr. Klein and Mr. West indicated that they should be able to conduct that analysis and prepare revised documents in 1-2 weeks, so long as the Developer can provide the necessary information in a timely manner and/or obtain ownership of all the Facilities contemplated by the audit and Utility Conveyance Agreement. The Board indicated that it would be willing to hold a special meeting to reconsider these matters, once the revised documents were ready. After discussion, upon motion by Director English, seconded by Director Twellmann, and unanimously carried, the Board rescinded its approval of the audit of developer reimbursables in connection with the District's \$4,815,000 Unlimited Tax Bonds, Series 2020, in its entirety. Mr. West recommended that monies slated for reimbursement to the Developer instead be wired to the District's Capital Projects Account. After discussion, upon motion by Director English, seconded by Director Stratton, and unanimously carried, the Board directed that Bond proceeds in connection with the District's \$4,815,000 Unlimited Tax Bonds, Series 2020 that are not to be reimbursed at this time be deposited into the District's Capital Projects Account.

Next, Director Wang stated that the Board would revisit consideration of the issuance and delivery of the District's Bonds, Series 2020 and disbursement of bond proceeds, including accepting conveyance of facilities and real property in connection with the Lakeside WCID No. 2C \$4,815,000 Unlimited Tax Bond, Series 2020. Mr. Klein requested that the Board rescind its previous approval of the issuance and delivery of the District's Bonds, Series 2020 and disbursement of bond proceeds, including accepting conveyance of facilities and real property in connection with the District's \$4,815,000 Unlimited Tax Bond, Series 2020, in its entirety. Upon motion by Director English, seconded by Director Stratton, and unanimously carried, the Board rescinded its approval of the issuance and delivery of the District's Bonds, Series 2020 and disbursement of bond proceeds, including accepting conveyance of facilities and real property in connection with the District's \$4,815,000 Unlimited Tax Bond, Series 2020, in its entirety.

At 6:29 p.m., Director Wang announced that the Board would next convene in Executive Session to receive legal advice from its attorney regarding water right matters, pursuant to the Open Meetings Act, Texas Government Code §551.071. At 6:34 p.m., the Board reconvened in open meeting. Director Wang stated that no action had been taken by the Board during the Executive Session.

Director Wang stated that the Board would next consider the engagement of a consultant regarding water rights matters. The Board recognized Mr. Heroy, who presented his firm's engagement letter to assess the District's ponds to determine whether the District should obtain water rights permits for such ponds, a copy of which is attached as Exhibit "G". After discussion, upon motion by Director English, seconded by Director Twellmann, and unanimously carried, the Board approved the engagement Jones-Heroy & Associates, Inc. to assess the District's ponds and provide a report as to whether the District should obtain waste rights permits for such ponds.

The next item to come before the Board was to consider action regarding the granting to the City of Pflugerville access to read water meters within the condominium regime on Jakes Hill Road. After discussion, Mr. Klein requested that the Board postpone action in connection with this item. No action was taken by the Board in connection with this item.

There were no announcements or requests for items at the Board's next meeting.

After discussion, there being no further business and upon motion made by Director English, seconded by Director Stratton, and unanimously carried, the meeting was adjourned at 6:38 p.m. until further call.

PASSED, APPROVED AND ADOPTED THIS 14th day of April, 2020.



Larry English, Secretary

[DISTRICT SEAL]